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FINANCIAL REPORT

TOWN OF FALKNER

FALKNER, MISSISSIPPI

SEPTEMBER 30, 2004

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LINDSEY AND DAVIS
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 146
1122 CITY AVE. NORTH
RIPLEY, MS 38663
TELEPHONE 662-837-3295
FAX # 662-837-0174

CHARLES L. DAVIS, JR. CPA
DEAN CAVINESS, CPA
STEPHANIE CLIFTON, CPA

MEMBERS: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MISSISSIPPI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Falkner
Falkner, Mississippi 38629

We have applied certain agreed-upon procedures as discussed below, to the accounting records of the Town of Falkner, Mississippi, as of September 30, 2004, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Mississippi Code, 1972, Annotated. This report is solely for the use of the governing body of the Town of Falkner, Mississippi, and the Office of the State Auditor. However, this report is a matter of public record, and its distribution is not limited. Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per</u> <u>General Ledger</u>
Citizens Bank	General	\$ 262,679
	Fire Department	22,156
	Park	27,293
	Sewer System	30,657
	Water System	136,972

- B. We confirmed directly with respective banks all investments, including certificates of deposits, owned by the Town of Falkner. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Mississippi Code, 1972, Annotated.

The Town of Falkner owned no investments at September 30, 2004.

- C. We obtained a statement of payments made by the Mississippi Department of Finance and administration to the town. The payments were traced to deposits in the bank and recorded in the general ledger without exception. Cash receipts were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General	\$ 46,642
Gasoline Tax	General	596
TVA in Lieu of Taxes	General	2,736
General Municipal Aid	General	111
Fire Protection Allocation	Fire Protection	906
MEMA	General	1,600
CDBG	Water & Sewer	104,870

- D. We selected a sample of purchases made by the municipality during the year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 33-7-57, Mississippi Code, 1972, Annotated, as applicable.

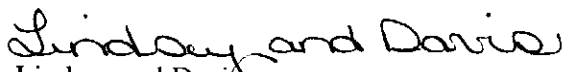
The sample consisted of the following:

Number of sample items	35
Dollar value of sample	\$ 35,859

We found the Town's purchasing procedures to be in compliance with the above sections.

- E. We have read the Municipal Compliance Questionnaire completed by the town. The completed survey indicated no instances of noncompliance.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of the Town of Falkner, taken as a whole.


Lindsey and Davis
Certified Public Accountants

Ripley, MS 38663
October 21, 2004

LINDSEY AND DAVIS
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 146
1122 CITY AVE. NORTH
RIPLEY, MS 38663
TELEPHONE 662-837-3295
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Falkner
Falkner, Mississippi 38629

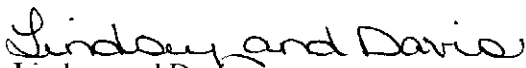
We have compiled the accompanying statement of cash receipts and disbursements – (all funds) cash basis of the Town of Falkner for the year ended September 30, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements – (all funds) cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements – (all funds) cash basis is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 9 is presented for the purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Falkner, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.


Lindsey and Davis
Certified Public Accountants

Ripley, Mississippi
October 21, 2004

TOWN OF FALKNER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2004	2003
CASH OPERATING RECEIPTS				
Privilege License	\$ 455	\$	\$ 455	\$ 353
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	46,642		46,642	68,795
Gasoline Tax	596		596	624
Fire Protection	906		906	958
TVA in Lieu of Taxes	2,736		2,736	2,341
General Municipal Aid	111		111	111
County Shared Receipts:				
Road Tax	7,287		7,287	6,882
Fire Protection	11,500		11,500	11,500
Charges for Services:				
Water and Sewer		225,842	225,842	206,234
Gross Receipts Tax	5,237		5,237	4,971
Donations				25
Miscellaneous	2,646	3,341	5,987	9,992
TOTAL OPERATING RECEIPTS	78,116	229,183	307,299	312,786
OTHER CASH RECEIPTS				
Interest	5,550	3,435	8,985	10,343
Meter Deposit Collections		716	716	1,453
Grant Proceeds	27,880	104,870	132,750	83,012
Loan Proceeds		83,149	83,149	5,032
Bond Proceeds				266,000
TOTAL OTHER RECEIPTS	33,430	192,170	225,600	365,840
TOTAL CASH RECEIPTS	111,546	421,353	532,899	678,626

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
YEAR ENDED SEPTEMBER 30, 2004

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2004	2003
CASH OPERATING DISBURSEMENTS				
General Government	51,430		51,430	51,769
Public Safety:				
Fire	11,249		11,249	50,764
Enterprise:				
Water & Sewer Utilities		154,277	154,277	149,706
TOTAL OPERATING DISBURSEMENTS	62,679	154,277	216,956	252,239
OTHER CASH DISBURSEMENTS				
Interest on Notes		39,705	39,705	53,782
Investment in Fixed Assets	12,961	84,649	97,610	64,327
Principal Payments		37,014	37,014	283,275
Grant Expense		104,870	104,870	32,942
TOTAL OTHER DISBURSEMENTS	12,961	266,238	279,199	434,326
TOTAL CASH DISBURSEMENTS	75,640	420,515	496,155	686,565
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	35,906	838	36,744	(7,939)
Cash Balances - Beginning of Year	276,222	166,890	443,112	451,051
Cash Balances - End of Year	\$ 312,128	\$ 167,728	\$ 479,856	\$ 443,112

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
SCHEDULE OF LONG-TERM DEBT
 YEAR ENDED SEPTEMBER 30, 2004

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2003</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2004</u>
			<u>Issued</u>	<u>Redeemed</u>	
Rural Development	Water System	\$ 191,319	\$	\$ 21,609	\$ 169,710
Rural Development	Water System	206,466		6,197	200,269
Rural Development	Water System	123,254		2,523	120,731
Rural Development	Water System	58,381		6,683	51,698
Rural Development	Water System	265,944		3	265,941
Citizens Bank	Master Note	-	83,149		83,149
Total		<u>\$ 845,364</u>	<u>\$ 83,149</u>	<u>\$ 37,015</u>	<u>\$ 891,498</u>

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF FALKNER
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2004

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
John Jumper	Mayor	U S F & G	\$ 50,000
Colleen Weeks	Town Clerk	U S F & G	50,000
Tommy Labarreare	Alderman	U S F & G	5,000
L. D. Hudson	Alderman	U S F & G	5,000
Michael McMillin	Alderman	U S F & G	5,000
Susan Rutherford	Alderman	U S F & G	5,000
Gary Bullock	Alderman	U S F & G	5,000

SEE ACCOUNTANT'S COMPILATION REPORT